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Good Jobs New York



Testimony For The Empire State Development Corporation Hearing On One Bryant Park: Land Use Improvement Project

**By Good Jobs New York
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My name is Bettina Damiani, director of Good Jobs New York, a joint project of the Fiscal Policy Institute with offices in Albany and New York City and Good Jobs First, based in Washington, DC. Good Jobs New York promotes accountability to taxpayers in the use of economic development subsidies. Our website (www.goodjobsny.org) contains the only publicly available database of the city's largest corporate retention deals. In addition, after the attacks of 9/11, we launched a program called Reconstruction Watch to help grassroots groups better understand the many incentives that were developed for the redevelopment of Lower Manhattan.

Good Jobs New York is greatly concerned with the state plans to use its authority of eminent domain to promote private development for Bank of America, particularly where public benefits

and commitment to jobs are as weak as those presented in the One Bryant Park proposal. Unless the needs of this city in the form of good jobs and high economic development standards are addressed, it is clear the real beneficiaries of this deal will be the finance and Midtown Manhattan real estate industries.

One Bryant Park, Blighted?

It is simply stunning that the State has the audacity to consider this location blighted. One Bryant Park is across the street from a beautifully maintained park, within one block of the historic New York Public Library and has “tremendous” transportation advantages (ESDC’s description) including easy access to Grand Central Station and the Port Authority Bus terminal. Moreover, as cited in the General Project Plan, the location is within blocks of Royalton and Algonquin hotels and exclusive clubs for Princeton, Harvard and Columbia alumni. Nowhere else would this location be considered an undesirable place to conduct business.

There is little doubt as to the magnitude of Bank of America’s resources and its important role in New York City’s economy. Yet, it just this type of financial wherewithal that raises the question why a bank – expected to be the second largest in the country after its recent announcement to merge with Fleet Bank for approximately \$47 billion – needs the state to strong-arm itself into this location. In fact, some industry experts estimate that Bank of America may save over \$1 billion due to the merger, and sadly these cost savings may come at the expense of jobs.

Despite claims that without this subsidy Bank of America would not move to a “blighted” area of Midtown Manhattan instead of North Carolina, we believe the General Project Plan fails to address how providing Bank of America and The Durst Organization with over \$52 million in subsidies, not to mention savings expected from the trivial \$10.00 a year payment in lieu of taxes, will truly create quality jobs in this city.

How to Make this Project Beneficial:

With the merger between Bank of America and Fleet poised to take place, it is the responsibility of the city and state to ensure *new* jobs are created with this subsidy, rather than simply allowing jobs from Fleet to be folded into Bank of America’s employment numbers. Previous recipients of subsidies have been allowed to lay off workers after a merger with little or no penalty. If public officials do not monitor the creation of new jobs closely and release these details to the public, this deal will be a failure.

Bank of America’s history as a recipient of a previous subsidy is spotty at best. A 1993 job retention deal was met with over 1,000 layoffs and an over-estimation of sales tax benefits,

forcing the New York City Industrial Development Agency in 1998 to cancel any future benefits. Considering the employment crisis in our city – with at least 300,000 New York City residents currently estimated to be out of work - any corporation that benefits from a subsidy must make an effort to address the needs of unemployed and underemployed New Yorkers.

Considering the average salary of a New York City Bank of America employee is over \$97,000 per year,^[1] this subsidy runs the risk of supporting high-end finance jobs while doing little to address the needs of most working New Yorkers. ESDC should require that any entry-level jobs created from this project pay a livable wage, provide benefits and include opportunity for advancement.

In addition, the 1% fee the ESDC is imposing on the project's developer and tenant to defray its costs should be raised, with the revenue earmarked for the creation of affordable housing. Since the ESDC will participate in the inducement of \$650 million of Liberty Bonds that were given preliminary approval by the last month, the Corporation should impose a 3% on these bonds to create \$19.5 million for affordable housing throughout New York City, in parallel with the fee imposed on city-issued Liberty Bonds for housing. Since it is no secret the high cost of housing in New York City is taken into a corporation's location decisions, it is appropriate for a major financial institution that draws on public resources to assist in improving the economic vitality of our city through participation in a housing program.

Since this project will create numerous purchasing opportunities for Bank of America and The Durst Organization, the ESDC must guarantee that, where possible, materials are bought from NYC-based manufacturers and artisans. As outlined in the New York Industrial Retention Network's website, www.madeinnyc.org, many of the materials needed for this project can be purchased locally. While we realize it may not be possible to purchase all the building materials in New York City, this should be seen as untapped job market and chance to diversify our economy for the long term. Since the construction of green buildings will be the wave of the future, the ESDC should take this opportunity to work with developers like the Durst Organization and the manufacturing industry to foster a market for environmentally friendly building materials.

New York City is the perfect location for this type of market. Imagine, for example, manufacturers creating green materials in plants that are based near our airports and other transportation hubs. This scenario has the advantage of benefiting the borough of Queens and

the aviation industry, both of which were hit especially hard by the attacks of September 11th. Also, we can't overlook the positive health benefits that come with building green, and its potential to reduce our reliance on unpredictable energy sources.

If the only public benefits associated with the proposed project are those listed in the General Project Plan, Good Jobs New York believes the subsidies being considered today are an ill-advised investment for New York taxpayers. However, if city and state officials are able to work creatively to incorporate remedies that address the needs for good jobs, affordable housing and a more diversified economy, the public benefit would be substantial, and possibly help set the standard for future projects.

^[1] Page 9 ESDC's General Project Plan – October 2003